Revision: HCFA-AT-87-14 (BERC) OMB No.: 0938-0193
OCTOBER 1987

State/Territory: California

| Citation | | |
|---|---|---|
| | (b) | The Medicaid agency meets the requirements of -- |
| 1902(p) of the Act | | (1) Section 1902(p) of the Act by excluding from participation |
| | | (A) At the State's discretion, any individual or entity for any reason for which the Secretary could exclude the individual or entity from participation in a program under title XVIII in accordance with sections 1128, 1128A, or 1866(b)(2). |
| 42 CFR 438.808 | | (B) An MCO (as defined in section 1903(m) of the Act), or an entity furnishing services under a waiver approved under section 1915(b)(1) of the Act, that |
| | | (i) Could be excluded under section 1128(b)(8) relating to owners and managing employees who have been convicted of certain crimes or received other sanctions, or |
| | | (ii) Has, directly or indirectly, a substantial contractual relationship (as defined by the Secretary) with an individual or entity that is described in section 1128(b)(8)(B) of the Act. |
| 1932(d)(1)<br>42 CFR 438.610 | | (2) An MCO, PIHP, PAHP, or PCCM may not have prohibited affiliations with individuals (as defined in 42 CFR 438,610(b)) suspended, or otherwise excluded from participating in procurement activities under the Federal Acquisition Regulation or from participating in non-procurement activities under regulations issued under Executive Order No.12549 or under guidelines implementing Executive Order No. 12549. If the State finds that an MCO, PCCM, PIPH, or PIHP is not in compliance the State will comply with the requirements of 42 CFR 438.610(c) |

TN # 03-037
Supersedes TN # 88-16

Effective Date AUG 1 2003
Approval Date JAN 23 2004

New: HCFA-PM-99-3
JUNE 1999

State: California

| Citation | |
|---|---|
| 42 CFR 431.51<br>AT 78-90<br>46 FR 48524<br>48 FR 23212<br>1902(a)(23)<br>P.L. 100-93<br>(section 8(f))<br>P.L. 100-203<br>(Section 4113) | 4.10 Free Choice of Providers<br>(a) Except as provided in paragraph (b), the Medicaid agency assures that an individual eligible under the plan may obtain Medicaid services from any institution, agency, pharmacy, person, or organization that is qualified to perform the services, including an organization that provides these services or arranges for their availability on a prepayment basis.<br><br>(b) Paragraph (a) does not apply to services furnished to an individual –<br><br>(1) Under an exception allowed under 42 CFR 431.54, subject to the limitations in paragraph (c), or<br><br>(2) Under a waiver approved under 42 CFR 431.55, subject to the limitations in paragraph (c), or<br><br>(3) By an individual or entity excluded from participation in accordance with section 1902(p) of the Act, |
| Section 1902(a)(23)<br>Of the Social<br>Security Act<br>P.L. 105-33 | (4) By individuals or entities who have been convicted of a felony under Federal or State law and for which the State determines that the offense is inconsistent with the best interests of the individual eligible to obtain Medicaid services, or |
| Section 1932(a)(1)<br>Section 1905(t) | (5) Under an exception allowed under 42 CFR 438.50 or 42 CFR 440.168, subject to the limitations in paragraph (c).<br><br>(c) Enrollment of an individual eligible for medical assistance in a primary care case management system described in section 1905(t), 1915(a), 1915(b)(1), or 1932(a); or, managed care organization, prepaid inpatient health plan, a prepaid ambulatory health plan, or a similar entity shall not restrict the choice of the qualified person from whom the individual may receive emergency services or services under section 1905 (a)(4)(c). |

State: California

| Agency* | Citation(s) | Groups Covered |
|---|---|---|

B. Optional Groups Other Than the Medically Needy (Continued)

42 CFR 435.212 & 1902(e)(2) of the Act, P.L. 99-272 (section 9517) P.L. 101-508(section 4732)

[ ] 3. The State deems as eligible those individuals who became otherwise ineligible for Medicaid while enrolled in an HMO qualified under Title XIII of the Public Health Service Act, or a managed care organization (MCO), or a primary care case management (PCCM) program, but who have been enrolled in the entity for less than the minimum enrollment period listed below. Coverage under this section is limited to MCO or PCCM services and family planning services described in section 1905(a)(4)(C) of the Act.

_X_ The State elects not to guarantee eligibility.

___ The State elects to guarantee eligibility. The minimum enrollment period is _ months (not to exceed six).

The State measures the minimum enrollment period from:

[ ] The date beginning the period of enrollment in the MCO or PCCM, without any intervening disenrollment, regardless of Medicaid eligibility.

[ ] The date beginning the period of enrollment in the MCO or PCCM as a Medicaid patient (including periods when payment is made under this section), without any intervening disenrollment.

[ ] The date beginning the last period of enrollment in the MCO or PCCM as a Medicaid patient (not including periods when payment is made under this section) without any intervening disenrollment or periods of enrollment as a privately paying patient. (A new minimum enrollment period begins each time the individual becomes Medicaid eligible other than under this section).

*Agency that determines eligibility for coverage.

Revision: HCFA-AT-80-38 (BPP)
May 22, 1980

State: California

| Citation | | |
|---|---|---|
| 42 CFR 431.12(b) AT-78-90 | 1.4 | State Medical Care Advisory Committee<br><br>There is an advisory committee to the Medicaid agency director on health and medical care Services established in accordance with and Meeting all the requirements of 42 CFR 431.12. |
| 42 CFR 438.104 | X | The State enrolls recipients in MCO, PIHP, PAHP, and/or PCCM programs. The State assures that it complies with 42 CFR 438.104(c) to consult with the Medical Care Advisory Committee in the review of marketing materials. |

Revision: HCFA-AT-84-2 (BERC)
01-84

State/Territory: California

| Citation | | |
|---|---|---|
| | 4.23 | Use of Contracts |
| 42 CFR 434.4<br>48 FR 54013 | | The Medicaid agency has contracts of the type(s) listed in 42 CFR Part 434. All contracts meet the requirements of 42 CFR Part 434. |
| | | /_/ Not applicable. The State has no such contracts. |
| 42 CFR Part 438 | | The Medicaid agency has contracts of the type(s) listed in 42 CFR Part 438. All contracts meet the requirements of 42 CFR Part 438. Risk contracts are procured through an open, competitive procurement process that is consistent with 45 CFR Part 74. The risk contract is with (check all that apply): |
| | | _X_ a Managed Care Organization that meets the definition of 1903(m) of the Act and 42 CFR 438.2 |
| | | _X_ a Prepaid Inpatient Health Plan that meets the definition of 42 CFR 438.2 |
| | | _X_ a Prepaid Ambulatory Health Plan that meets the definition of 42 CFR 438.2. |
| | | _X__ Not applicable. |
| | | Contracts with Local Initiatives (LIs) have a sole source exemption approved by Centers for Medicare & Medicaid Services (CMS) through December 31, 2008. After this date the State must determine if there is interest in competing for any of the LI contracts. If the State determines that there is interest, the State must conduct an open and free competitive reprocurement to have new contracts awarded and operational by the end of the five-year exemption period. |

State: California

Citation
1932(e)
42 CFR 428.726

Sanctions for MCOs and PCCMs

(a) The State will monitor for violations that involve the actions and failure to act specified in 42 CFR Part 438 Subpart I and to implement the provisions in 42 CFR 438 Subpart I, in manner specified below:

**Penalties**

**Penalties for a determination of non-compliance, are specified under Federal and State law and regulation, and the managed care contract and include but not limited to the following:**

- **Civil monetary penalties in specified amounts, and duration;**
- **Appointment of temporary management;**
- **Granting enrollees the right to terminate enrollment without cause;**
- **Suspension of all new enrollment;**
- **Suspension of payment for recipients enrolled after date of sanction.**

**Implementation of Sanctions**

**For repeated breach or material breach, the State will follow a formal monitoring action plan that will include the following:**

- **A fact finding to determine that a breach has been made.**
- **A corrective action process to allow the plan to correct any breaches of the contract with a well thought out plan with a specific timeline for addressing the deficiencies and correcting them.**
- **If the breach is not corrected within the allotted timeline then a sanction proceeding will commence.**

(b) The State uses the definition below of the threshold that would be met before an MCO is considered to have repeatedly committed violations of section 1903(m) and thus subject to imposition of temporary management:

**Definitions:**

- **Breach: A breach of contract is a violation that is identified by an audit report (routine and non-routine), is complaint-driven, or identified by other monitoring methods that result in corrective action. A corrective action plan is developed to remedy the violation and must be completed and verified within 6 months or less of the notification.**
- **Repeated Breach: A Breach of contract demonstrated by the contractor by repeated violation of one or more specific requirements of the contract, and failure to complete a corrective action plan, that may trigger a sanction process.**
- **Material Breach: Disregard of one or more significant contract requirement(s), that may include the potential for material harm to the enrollee(s), and that triggers a sanction process, which may result in the imposition of penalties.**

**In all cases, the contractor will be afforded due process protections specified in State and Federal law and regulations and Managed Care contracts.**

(c) The State's contracts with MCOs provide that payments provided for under the contract will be denied for new enrollees when, and for so long as, payment for those enrollees is denied by CMS under 42 CFR 438.730(e).

___ Not applicable; the State does not contract with MCOs, or the State does not choose to impose intermediate sanctions on PCCMs.

Revision: HCFA-PM- (MB)

State/Territory: California

| Citation | | | |
|---|---|---|---|
| 42 CFR 435.914 1902(a)(34) of the Act | 2.1(b) | (1) | Except as provided in items 2.1(b)(2) and (3) below, individuals are entitled to Medicaid services under the plan during the three months preceding the month of application, if they were, or on application would have been, eligible. The effective date of prospective and retroactive eligibility is specified in Attachment 2.6-A. |
| 1902(e)(8) and 1905(a) of the Act | | (2) | For individuals who are eligible for Medicare cost-sharing expenses as qualified Medicare beneficiaries under section 1902(a)(10)(E)(i) of the Act, coverage is available for services furnished after The end of the month which the individual is first Determined to be a qualified Medicare beneficiary. Attachment 2.6-A specifies the requirements for Determination of eligibility for this group. |
| 1902(a)(47) and | X | (3) | Pregnant women are entitled to ambulatory prenatal care under the plan during a presumptive eligibility period in accordance with section 1920 of the Act. Attachment 2.6-A specifies the requirements for Determination of eligibility for this group. |

LIST OF ATTACHMENTS

| No. | Title of Attachments |
|---|---|
| *1.1-A | Attorney General's Certification |
| *1.1-B | Waivers under the Intergovernmental Cooperation Act |
| 1.2-A | Organization and Function of State Agency |
| 1.2-B | Organization and Function of Medical Assistance Unit |
| 1.2-C | Professional Medical and Supporting Staff |
| 1.2-D | Description of Staff Making Eligibility Determination |
| *2.2-A | Groups Covered and Agencies Responsible for Eligibility Determinations |
| | * Supplement 1 - Reasonable Classifications of Individuals under the Age of 21, 20, 19 and 18 |
| | * Supplement 2 - Definitions of Blindness and Disability (Territories only) |
| | * Supplement 3 - Method of Determining Cost Effectiveness of Caring for Certain Disabled Children at Home |
| *2.6-A | Eligibility Conditions and Requirements (States only) |
| | * Supplement 1 - Income Eligibility Levels – Categorically Needy, Medically Needy and Qualified Medicare Beneficiaries |
| | * Supplement 2 - Resource Levels – Categorically Needy, Including Groups with Incomes Up to a Percentage of the Federal Poverty Level, Medically Needy, and other Optional Groups |
| | * Supplement 3 - Reasonable Limits on Amounts for Necessary Medical or Remedial Care Not Covered under Medicaid |
| | * Supplement 4 - Section 1902(f) Methodologies for Treatment of Income that Differ from those of the SSI Program |

*Forms Provided